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SUBJECT: INTER-UNION DISPUTE SPARKS TENSION IN NORTHERN
MEXICO

REF: (A) 07 MEXICO 2285 (B) MEXICO 0354

11. SUMMARY: Outside of the greater Mexico City metropolitan area, the northern state of Nuevo Leon is probably one of the most heavily industrialized and certainly the most business friendly entities in the country. Overall, relations between the private sector and organized labor in Nuevo Leon are peaceful and cooperative. Unfortunately, the same cannot always be said of relations between the larger worker federations that make up the Nuevo Leon,s organized labor movement (REF A). For many years now there has been considerable competition between the state level organizations of two of Mexico,s larger labor federations; the CTM (Confederation of Mexican Workers) and the CROC (Revolutionary Confederation of Workers and Peasants). The ongoing rivalry between these two organizations has always been intense but until very recently considerable time has passed since that competition was anything but peaceful. Over the past few weeks, however, the peace between the CROC and CTM has collapsed into a least one incident of violence and a series of public protests and demonstrations. In the end, protestors blocked a key highway between Monterrey and Nuevo Laredo/Laredo for five hours, causing considerable delay to travelers. The root causes for this dispute are undoubtedly local but Mexican Federal Labor Laws create the overall environment that makes it possible for disputes of this type to occur. End Summary.

SETTING THE SCENE

12. With the exception of the greater Mexico City metropolitan area, it would be hard to think of an entity in Mexico that is much more industrialized or business friendly than the state of Nuevo Leon. In almost every sense imaginable one could easily and truthfully describe Nuevo Leon by paraphrasing the old adage by stating that the business of Nuevo Leon is business. There are a number of cultural and historical reasons for this business friendly environment but one of the more significant factors contributing to this business friendly environment is the cooperative relationship that exists between Nuevo Leon,s private sector and its organized labor unions.

13. On the surface the relationship between the state,s private sector and organized labor unions appears to be a mutually beneficial exchange between near equals. That appearance, however, is only surface deep. The source of

this outward show is the fact that Nuevo Leon,s private sector has been remarkably effective at creating their own company friendly/controlled unions; often referred to as &White unions.⁸ These &White Unions⁸ have been used by the state,s private sector to keep more traditional unions from growing too large or from being too aggressive (from the private sector,s perspective) in contract negotiations or at promoting worker rights (from the labor union,s perspective).

¶4. Mexican Federal Law allows a group as small as 20 workers to form a new union once the proper documents have been submitted. GOM labor authorities are renowned for not looking too closely at these documents and Nuevo Leon,s private sector has taken full advantage of this GOM shortcoming to form an organized labor movement of their own liking. The unions that form the company friendly organized labor movement can, and have been used to supplant more traditional unions in a wide variety of collective bargaining situations. Consequently, the traditional unions are well aware that their freedom of action with regard to strikes and organizing activities are severely restricted by the knowledge a White Union is always waiting in the wings to replace them. As a result, the focus of their energies for the more traditional unions is not so much negotiations with private employers on behalf of their members but rather competition with other traditional for advantage and growth at each other,s expense.

UNION COMPETITION IN NUEVO LEON

¶5. Two of the oldest and largest private sector unions in Mexico are the CTM (Confederation of Mexican Workers) and the

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CROC (Revolutionary Confederation of Workers and Peasants). Both of these organizations are national level labor federations who actively compete with one another (and many other smaller unions) in a wide variety of areas. Normally this rivalry is kept within peaceful and fairly well respected bounds but occasionally those bounds are broken and that is exactly what has happened over the past few weeks in Nuevo Leon.

¶6. Although conflicting accusations make it difficult to know what really happened it seems that the problem between the two competing labor organizations in Nuevo Leon started in early February when the CROC tried to exploit what may have been a significant failing on the part of the CTM. According to various press reports the flash point for the dispute occurred among the 1500 workers of the American Standard bathroom, plumbing and kitchen fixtures factory in Nuevo Leon. The CTM is the legal collective bargain agent for the workers at this plant but allegedly it has done little to promote the salaries, benefits or labor rights of the employees at the plant.

¶7. It is difficult to know if the allegations against the CTM are true but it is not uncommon in Mexico for a union to do little or nothing to earn the biweekly membership dues that it never fails to promptly collect. In the case of the American Standards plant, it seems some of the workers were unhappy with their formal union representation and that the CROC learned of this and tried to persuade them to change labor affiliation. Changing union affiliation is something that any worker is legally entitled to do under Mexican Federal Labor Law (FLL).

¶8. Unfortunately, the FLL also allows for unions to implement closed shop type rules where union membership is a prerequisite for holding a job. Once the CTM found out some 40 workers were trying to switch unions it expelled them from the organization and then, using Federal Labor Law, it insisted that American Standard,s management fire them. Rather than argue with the CTM on a point of relatively minor

importance to them, American Standard,s management complied with the CTM,s request. The fired workers turned to the CROC for help and the labor federation tried, unsuccessfully, to intervene on their behalf with company management. Once it became clear the CROC was unable to get the fired workers rehired it attempted win for them a reasonable severance pay package. The argument between the CTM and the CROC about what should be done with or for the fired workers became heated and at some point one of the now unemployed workers was badly beaten, allegedly by people connected to the CTM.

THE DISPUTE SPREADS

¶9. Once the details of what happened to the beaten worker began to spread so did the dispute between the CTM and CROC in Nuevo Leon. The open and unfettered competition began between the two labor federations soon moved from the relatively isolated events at the plumbing fixtures plants, to a series of (largely verbal) confrontations throughout the state. The prize in the confrontations was often control of taxi routes. The taxi route competition between drivers affiliated with the two unions became particularly heated at public commercial shopping centers and in areas in the state,s capital city where new neighborhood were being developed.

¶10. As the arguments between the two labor federations dragged on, the CROC demanded that the local authorities assist the fired workers and hold the CTM accountable for the worker who was badly beaten. The authorities, response to the CROC,s demands was, in that union,s view, both ineffective and decidedly slanted in favor of the CTM. This prompted the CROC to organize a series of demonstrations the most dramatic of which occurred on February 16 when some 70 taxis affiliated with the union blocked the road to Nuevo Laredo (which is also leads to Laredo, TX) for five hours. The Nuevo Leon authorities were unable to persuade the CROC cabbies to lift their road block which only ended when a sustained rock throwing fight broke out between the drivers and members of the general public stranded on the road for hours by the blockage.

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STATE LEGISLATORS DEMAND ACTION

¶11. The rock throwing incident caused considerable dismay among the general public which in turn prompted calls for action from politicians from nearly all of the political parties represented in the state legislature. Nuevo Leon is governed by the PRI, Mexico,s former ruling party which nationally is now one of the country,s two main opposition parties. Some legislators speculated that state authorities had done little to resolve the dispute between the CROC and CTM because of a reluctance to alienate either labor organization both of whom are officially affiliated with the state,s current ruling party. Ultimately the call for a settlement of the dispute by the public and by opposition state legislators has prompted both the CROC and the CTM to moderate their behavior. A final resolution of the dispute has not yet been reached but both labor organizations have now talking to each other under the auspices of state labor authorities.

COMMENT

¶12. The dispute between the CROC and the CTM in Nuevo Leon is undoubtedly a local disagree which will eventually be resolved locally. That said, there are a number of national factors resulting from abuses of Mexican Federal Labor Law

that contributed to this particular dispute. The existence of &White Unions8, which weak application of FLL makes possible, has created an environment in more traditional labor unions believe they can only grow at each others expense. FLL facilitation of closed shop type rules then worsened the restricted competition by the union in Nuevo Leon by allowing union membership as a prerequisite for employment. These to examples are just some of the problems that make the overall labor environment in Mexico so complicated. Sometime within the next few weeks the GOM is expected to send to the national legislature to a proposal for the first major overall of Mexican Federal Labor Law in decades (REF B). Unfortunately, the current law suits a variety of special interests in both the private and organized labor sectors and meaningful change may ultimately be difficult to achieve.

¶13. This message was cleared by AmConsul Monterrey.

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